

**ACCOUNTING EXAMINING BOARD
MINUTES
MADISON, WISCONSIN
AUGUST 17, 2001**

PRESENT: Frank Probst, Frederick Franklin, Sharon Hamilton, Jim Johnson and Thomas Kilkenny

EXCUSED: Romey Jungers

STAFF PRESENT: Katharine Hildebrand; William Dusso, Legal Counsel; Grace Schwingel; Judy Mender; Jan Bobholz; Barb Showers and Darwin Tichenor

GUESTS: Arland Stone - WAA
LeRoy Schmidt - WICPA

CALL TO ORDER

The meeting was called to order at 9:05 a.m. by Frank Probst, Chair. A quorum of five members was present.

AGENDA

MOTION: Jim Johnson moved, seconded by Sharon Hamilton, to approve the agenda as printed. Motion carried unanimously.

MINUTES (5/18/01)

It was noted that on page 5 of the minutes that several corrections needed to be made. Under the heading AICPA/NASBA, the first sentence of the 3rd paragraph needs to be amended. Probst and Kilkenny will determine the final phrasing for this paragraph at a later time.

Under the heading AICPA/NASBA, last paragraph of that section, the minutes need to be amended to read: "After a caucus at the *May 10 NASBA* meeting, the *NASBA delegates* voted to "Negotiate, through NASBA, . . . "

MOTION: Thomas Kilkenny moved, seconded by Jim Johnson, to approve the minutes, as amended above. Motion carried unanimously.

ADMINISTRATIVE REPORT

Bureau Directors Report

Katharine Hildebrand introduced herself as the new Bureau Director, appointed by Secretary Oscar Herrera. Hildebrand gave the Section members a review of her background, indicating that she came to the Department from the Governor's Office. She served as the Governor's Education Policy Advisor and also served on the Education Team under former Governor Thompson. Hildebrand asked Section members to contact her with any questions they may have or if there is any way she can assist them in their duties as Section members. Hildebrand indicated that, initially, one of her primary goals is to get the Boards and Sections fully staffed with members whose terms are current.

Board Roster

Hildebrand noted that Thomas Kilkenny was reappointed to another 4-year term to end July 1, 2005.

2001 Meeting Dates

Noted. The next meeting date is Friday, October 19, 2001.

Revised Travel Reimbursement Guidelines

Probst stated that it has been and continues to be a high priority of the Board to obtain Department financial support for multiple representatives at the two key NASBA meetings. The Board asked whether there is a dollar limit for Boards to attend professional meetings or whether there is a specific number of meetings that can be attended. Hildebrand explained Department budget constraints, but said she will look into the feasibility of sending more than one board member to the NASBA meetings.

Regulatory Digest

Dusso discussed an article on changes in the Budget Act and an article on commissions, contingent fees and referral fees. The Regulatory Digest will be sent out in October in order to be able to include in the Digest new information regarding changes to the profession, as a result of statutory changes in the Biennial Budget Bill, relating to the requirements for CPA firms and examination and experience requirements. These changes to the requirements for CPA firms will have a significant impact on the profession and become effective once the Budget Bill is signed.

Applications Reviewed by Staff

The Board prefers to handle applications totally in closed session.

Summary Reports on Pending Court Cases, Disciplinary Cases and Administrative Rules

Hildebrand noted that, at the suggestion of the Department's Legal Counsel, a complete list of the Department's pending court cases, disciplinary cases, and administrative rules will be included in each Board's and Section's agenda packet. The Department will also include press releases and the list of disciplinary orders in all Board agenda packets. This information is also on the Department's website and anyone can request more information on any of the cases listed in the press release.

To-Pass Folder

The To-Pass Folder information was noted. Hildebrand noted that once again, Wisconsin made the Honor Roll of States for candidates achieving passing grades.

LEGISLATIVE ISSUES

Legal Counsel, William Dusso, reviewed and answered questions concerning his August 6, 2001, memo to the Board regarding his summary of the Budget Bill Revisions to Ch. 442, Stats. Dusso also reviewed his memo of August 7, 2001, regarding the Board and Department Task List to

Implement Senate Bill 55. The most significant change in SB 55 is the reduction of the experience requirement from two years to one year. The one-year standard would apply in all cases of individual application, even if filed before the effective date of the bill. Application forms and Statute and Rule Books will need to be changed to reflect this change in the experience requirement. A notice to the press will need to be sent on this matter. Leroy Schmidt, representative of the WICPA, indicated that the WICPA would have an active role in disseminating this information to members of the profession. The WICPA will work with Department representatives to provide a current list of the Chairs of all the Accounting Departments in the State of Wisconsin by early September. If the Department representative sends Schmidt an e-mail, he will share that information with the Department.

Dusso noted that the Ethics Rules Committee would meet in October, after the Act will be published. It would be helpful if the Rule Committee would go through all of the administrative rules and make suggestions to the Board as to changes that would be appropriate. Dusso referred to the scope statement for rule making which should be published and distributed as soon as possible.

Dusso advised the Board of the rule making process and reviewed the steps in the process. It normally takes nine months to a year from the beginning of the rule making process to its completion. The Board members would like to receive a written description of the rule making process to help them better understand it.

The Board would like to see a statement detailing how the application review will be done and what changes will be made in applying the application requirements. Hildebrand will make the necessary revisions and bring an explanation of the application review to the Board for its approval.

The Board had questions and concerns about interpretations of the 150 semester-hour education requirement for taking the exam and how that relates to the new provision in SB 55, regarding reducing the experience requirement from 2 years to 1 year of accounting experience. The Board understands its obligation to apply the new 1-year rule in a standard way, with all board members applying the same criteria to all applicants. SB 55 does provide the Board with some discretion to develop a procedure under s. 442.04 (4c) or (5), Stats., for handling applicants with specific, exceptional situations. The Board asked Dusso to review the rules and the new legislation to determine the extent of the Board's flexibility for developing procedures for exceptions to the rule. Once SB 55 is signed and becomes law, the Board will have to follow the law, rather than any sections in the administrative rules that conflict with the new law; the new law will supersede the administrative rules. Probst summarized the discussion saying that anyone applying for licensure after the date of the bill needs to have passed the exam and bring one year of public accounting experience or its equivalent. Hamilton stated that the new law would apply to students graduating prior to January 1, 2001. So, students graduating prior to January 1, 2001, will not need to meet the 150 semester-hours education requirement for taking the exam, regardless of when, at a later date, they take the exam.

Legal Counsel, Dusso, suggested that the Accounting Rules Committee should meet to clear up questions the Board still has about which of the administrative rules will be superseded by the new law and which rules will still be applicable for applicants who still want to sit for the exam. The Board scheduled a Teleconference for Monday, August 27, 2001, to clarify issues surrounding the new law.

ADMINISTRATIVE RULES

Due to a lack of time, because of the Board's visit to Prometric Testing Center, this section will be carried over to the next Board meeting to be discussed.

BOARD MEMBER ACTIVITY

Nothing to report.

NASBA

Noted.

EXAMINATION ISSUES

AICPA Query on School Codes

Darwin Tichenor reported that the Department identifies its codes via a school code that is locally indicated. A professor at one of the schools requested that the Department consider requesting applicants to indicate the school where the applicant received the majority of his or her accounting education in place of just having the school code. The Department noted that the AICPA Grade Reporting and Statistical Questionnaire Form asks not only for the institution where an applicant obtained a degree, but also where the applicant had received most of his or her education. Tichenor wrote to AICPA with several questions regarding AICPA's Grade Reporting and Statistical Questionnaire Form. AICPA responded to Tichenor's inquiry, indicating that there were no plans to change the AICPA form as a result of the 150 semester-hours education rule. Tichenor suggested that, to be consistent, the Department should change the school code to request not just the school, but the school where the applicant received most of his or her accounting education. This information is used for reporting school performances, which is an important issue for the schools.

MOTION: Jim Johnson moved, seconded by Sharon Hamilton, to approve Tichenor's suggestion of requesting the codes for both the school where an applicant received a degree and also the code for the school where the applicant received the majority of his or her accounting education. Motion carried unanimously.

Tichenor indicated the Department would plan to have a new survey form available for the next reporting period, for indicating the school code where the applicant received the majority of his or her education.

Plans for Question Writing and Review of Ethics Examination

Tichenor indicated it's been a while since the Department has intensively reviewed its State Ethics Exam, the Statutes and Rules Examination. The Department needs to conduct a one-day session of professional CPA's in the state. Tichenor also requested one or two Board members to participate in that all-day meeting. Sharon Hamilton volunteered to help the Department with this task. Probst requested that this review be postponed until after the Ethics Committee presents its proposed revisions to the Board at its next meeting in October. Tichenor indicated this task force could meet in November, so the exam could be revised to reflect the revisions, and so that the revisions can be promulgated before asking practitioners to sit for the exams.

Tichenor indicated the Department will be writing questions and looking at the content outline to make sure that the content balance and topics covered are up-to-date and that they emphasize the current practice. The Board suggested that this activity be postponed until after May 1, 2002, to accommodate the revisions to the UAA law.

Review of AICPA and NASBA Briefing Paper No. 2: Computerizing the Uniform CPA Examination

Barb Showers distributed and reviewed a summary of the key points of the proposals in the agenda packet on Computerizing the Uniform CPA Examination - Issues, Strategies, and Policies. Showers also included some observations on AICPA's proposal and NASBA's position. Showers answered questions raised by the Board. LeRoy Schmidt, representing WICPA, briefly addressed the Board. The Board answered each question on the AICPA questionnaire.

RECESS TO CLOSED SESSION

MOTION: Fred Franklin moved, seconded by Sharon Hamilton, to recess the Open Session and to convene the meeting in Closed Session to deliberate on cases following hearing (s. 19.85(1)(a), Stats.; to consider licensure or discipline (s. 19.85(1)(b), Stats.; to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats. Motion carried by a roll call vote: Frank Probst – yes; Frederick Franklin – yes; Sharon Hamilton – yes; Jim Johnson - yes; Thomas Kilkenny – yes.

Open Session recessed at 12:15 p.m.

The Board deliberated concerning pending applications.

RECONVENE IN OPEN SESSION

MOTION: Jim Johnson moved, seconded by Thomas Kilkenny, to reconvene the meeting in Open Session at 12:40 p.m. Motion carried unanimously.

VOTE ON ITEMS CONSIDERED OR DELIBERATED UPON IN CLOSED SESSION

APPLICATION REVIEW

MOTION: Sharon Hamilton moved, seconded by Thomas Kilkenny, to accept the recommendations of the Board reviewer and staff to approve the applications listed below, except those listed under “Intent to Deny.” Motion carried unanimously.

APPLICATIONS REVIEWED

The following applications for public accounting were issued a credential based upon Staff Delegation. Applicants applied based on examination, transfer of credit from another state (identified by #) and endorsement of license from another state (identified by *).

FOR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT

Ahmed, Farah 7/5/01
Binagi, Christina 8/13/01
Bodden, Robin 7/30/01
Clark, Jennifer 8/3/01
Dobson, Jodi 8/14/01
Dufek, Scott 8/13/01
Dvorachek, Jeffrey 6/6/01
Haffele, Karl 7/26/01
Handrick, Christopher 8/3/01
Higgin, Billie Jo 7/19/01
Hillman, Pamela 8/3/01
Horstman, Andrew 5/30/01
Houtakker, Brian 8/13/01
Hutton, Mark* 5/30/01
Johnson, Steven* 8/3/01
Katorski, Darlene 7/26/01
Kelly, Rebecca 8/13/01

Kinas, Darrelee 7/26/01
Kipp, Jamie 7/19/01
Klimisch, Craig 7/16/01
Koppelkam, Joseph 8/3/01
Kraehnke, Michael 7/19/01
Lauer, Randall 7/5/01
Martynotte, Stefanie 8/3/01
Peotter, Mary Robyn 7/16/01
Rosen, Margo 7/16/01
Singh, Pamela 7/16/01
Sommermeyer, Eric 8/3/01
Spaeth, Glen 7/16/01
Thistle, Kimberly 8/3/01
Wesolowski, James 7/26/01
Wesolowski, Rachel 7/5/01
Witzlib, Edward 7/19/01
Ziemer, Brenda 8/13/01

APPLICATIONS REVIEWED FOR AUGUST 17, 2001

The Board took the following action on applications. Applicants applied based on examination, transfer of credit from another state (identified by #) and endorsement of license from another state (identified by *).

FOR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT

1. Approved - 50

Bausch, Lorie
Beck, Karelyn
Benson, Donald
Bongey, Francis
Burklund, Marsha
Buske, Nikki
Campbell, Keith
Carlson, Carie
Casey, Ava
Cathey, Pamela
Coombe, Julie
Cooper, Kimberly
Cooper, Thomas
Daniel, Sharon
Darkow, Sharon
Denamur, Joel
Drew, Sally
Eppler, Kendra
Findlay, Tanya
Funk, Susan
Giroux, Anne
Hlavac, William
Heaberlin, Gina
Hetrick, Calvert

Horstman, Diane
Jackson, Mary
Kelley, Steven
Kohlhapp, Lori
Kopp, Donna
Kuether, Eva
Kuhn, Jeffrey
Lloyd, Michael
Meyer, Lisa
Moen, Kristine
Montour, Patricia
Oteman, Andrew
Pipp, Jolene#
Potzko, Joanne
Presta, Maureen
Reis, Eric
Schnoll, Marc
Sinnott, Patricia
Smart, Melanie
Stone, David
Theisen, Michelle
Tubbin, Maria
Tuller, Charles#
Waters, Steven
Ziegelbauer, Lynn
Zimmerman, Michele#

2. Intent to Deny - 14

Buslepp, William#
Chan, Mona
Firkus, Susan
Gigure, Andrew
Haim, Brian
Johnston, William#
Kippenhan, George
Li, Xiaodong
Myran, Denise
Page, Sharon
Pryba, Daniel
Schlag Hurley, Sara
Schroeder, Jessica
Zirbel, Susan

MOTION: Jimmy Johnson moved, seconded by Sharon Hamilton, to issue an intent to deny the fourteen applications recommended for denial, as listed above. Motion carried unanimously.

Caroline Freiburger Request to Retake the FARE Section of the Exam

MOTION: Sharon Hamilton moved, seconded by Thomas Kilkenny, to deny the request to retake the FARE section of the exam and to retain the validity of the prior conditional pass. Motion carried unanimously.

ADJOURNMENT

MOTION: Jim Johnson moved, seconded by Sharon Hamilton, to adjourn the meeting at 12:45 p.m. Motion carried unanimously.

The Board members then went to Prometric Testing Center for a tour of its facility.